

Legislative Testimony
House Bill 6001
Joint Committee on Energy and Technology

Deanna Bouchard
Country Place Tenants Association
February 10, 2009

Good Morning Senator Fonfara, Representative Nardello, and members of the Committee. My name is Deanna Bouchard and I am the President of Country Place Tenants Association. I want to thank you for the opportunity to speak to your committee today. I also want to thank State Representative Linda Orange for proposing this bill along with HB-5994 and HB-5997 on behalf of the residents of Country Place Apartments.

I come here today on behalf of Country Place Tenants Association, an organization which represents 194 households whom reside in Country Place Apartments - "an affordable living community" in Colchester, CT.

I am here today to represent our organization's support for HB 6001
**AN ACT PROHIBITING THE TERMINATION OF NONREGULATED
UTILITIES DURING THE WINTER HEATING SEASON.**

Country Place Apartments were built as part of The Federal Low-Income Housing Tax Credit program (LIHTC). This program gives developers a financing tool to provide affordable rental housing for people of limited income. These tax credits are a critical part of many multifamily financing proposals because without them, the rental income generated by an affordable housing complex would be insufficient to cover the costs of developing and maintaining the property. Developers who receive tax credits typically sell them to private investors who benefit from a reduction in tax liability. The proceeds from the sale generate equity for the development, reducing the need for debt financing, and enabling the owner to charge affordable rents.

Country Place Apartments uses propane as the main heating source for the 194 apartment units in the complex. Each apartment building has a corresponding propane tank (under ground) and tenants pay for the utility usage based on their individual meter reading; meters are read on a monthly basis. There has only been one supplier of propane since the apartments were constructed in 1993, that supplier is Bemers Petroleum Corp 210 Commerce Street, Glastonbury, CT.

Residents in Country Place Apartments have had their propane service terminated during the winter heating season.

Residents living in Country Place Apartments have no decision making control over which company is used as our propane supplier.

Residents of Country Place have had many issues concerning propane pricing with Bemers over the years.

Residents of Country Place have questioned the accuracy of meters used to measure propane usage – but currently we can find no laws that require the propane industry to calibrate their meters or equipment.

Residents of Country Place are currently not protected from having propane service shut-off during the winter heating season because propane is a non-regulated utility.

If you can not afford to pay your bill in a timely manner, or agree to Bemers payment plan, your service is terminated despite any weather conditions.

Other issues concerning Bemers Petroleum

Invoices bill for propane usage in cubic feet -- nowhere on the bill does it state the price per gallon. Propane is publicly traded, reported and priced in gallons

They do not calibrate meters or routinely inspect equipment on property

Invoices reflect a monthly charge of \$6.95 Basic Equipment Fee + .42 (CT Sales Tax) = total \$7.37

(Despite the fact that no equipment owned by Bemers is inside any apartment unit in Country Place -- meters are on outside of building)

Bemers tells customers that leased tanks do not depreciate in value and requires customers wishing to purchase leased tanks to pay the full retail value of a tank -- close to or same amount the tank cost when originally installed. However they depreciate the value of the tanks for municipal tax purposes.

There are questions as to whether Bemers accurately reports all leased tanks to tax assessors in towns when new leased tanks are installed on town property.

The State of CT has encouraged developers to use "greener" utilities resulting in many new developments – (affordable rental housing communities and 55+ rental and homeownership communities) using propane as the main heating source.

The Federal and State Governments encourage developers to build affordable rental housing...offering such programs as LIHTC.....

But I don't believe that either the Federal or State governments gave thorough consideration allowing developers to use a non-regulated utility (propane) as the main heating source for the rental units.

Residents of "affordable housing communities" have limited incomes and need shut-off protection during the winter heating season!

We advocate that the CT legislature prohibit the termination of non-regulated utilities during the winter heating season for eligible households.

We contend that the industry can easily determine what constitutes an "eligible household" by establishing the same criteria presently used by Connecticut Light & Power, CT Natural Gas, and United Illuminating.
(See attached)

CL&P: Connecticut's Largest Electric Utility - Winter Protection

Customers who meet the criteria listed below and who lack the resources to pay their electric bill can retain or obtain service from November 1 - May 1. They are encouraged to pay as much of the bill as possible during the winter, since the full amount is owed to the company.

Customers who qualify for our Winter Protection Plan receive:

- Protection from service shut-off from November 1 - May 1.

No late payment charges. Special payment arrangements.

An eligible customer is a customer receiving state or federal public assistance:

- Aid to the Aged, Blind or Disabled (State Supplement); or Aid to Families with Dependent Children (AFDC); or Medicaid; or Supplemental Security Income (SSI); or General Assistance; or
- Whose sole source of financial support is Social Security, Veteran's Administration; or
- Who is head of household and unemployed if the household income during the preceding 12 months is less than 300% of the poverty level (income of children or persons in the household for less than six months is not counted); or
- Who is seriously ill or who has a household member who is seriously ill; or
- Whose income falls below 200% of the federal poverty level; or
- Whose circumstances threaten deprivation of food and the necessities of life if payment of a delinquent bill is required; or
- Heating Assistance

It should be noted that many residents living in "affordable rental communities" will qualify for some type of heating assistance program.

If the household is determined eligible, payments are made directly to the utility company or the fuel vendor on behalf of the applicant throughout the winter heating season until benefits are exhausted.

Shutting off of propane in a multi-dwelling unit is very dangerous!

People Die! Or become serious ill - especially those most vulnerable!

Children suffer – can lead to increase in school absences.

People resort to heating their apartments with stoves, or other means - increasing chances for fire.

Cold apartments can lead to burst pipes causing water damage and displacements of families.

The Propane Industry Needs Regulation!

The Consumer Protection Commissioner Jerry Farrell, Jr. recently sent an 11-page report to Attorney General Blumenthal after his department led an investigation into the propane gas industry in Connecticut. The report has concluded that many propane companies charge improper fees, do not disclose their pricing, mislead their customers, do not disclose tax information on leased tanks to local tax assessors and may violate antitrust laws and make record profits.

Attorney General Blumenthal and Commissioner Farrell have much work ahead of them in order to protect the citizens of Connecticut from the unfair practices of the propane industry.

However, in the mean time YOU can make a difference! Your action to pass HB 6001 will protect thousands of vulnerable households in Connecticut from having their utility service terminated during the winter months. Don't let families be left in the cold – support HB 6001!